

Town of Milton
Town Council Special Meeting Minutes
Milton Mariner Middle School, 16391 Harbeson Road
November 13, 2006

1. Public Hearing: 7:00 p.m.

Mr. Brady: Gave procedure the Council will follow for the WWTP. The two companies are Artesian and Tidewater, who have been meeting privately with council. Tonight's meeting will present the information found. At the end of the public hearing the Council will go into a special session. The record that needs to be discussed tonight, by the members of council, include a discussion of what they believe is correct for the Town and its inhabitants. There is still a window of opportunity to permit a vote to borrow up to \$20,000,000.00. The record that needs to be established at a minimum tonight by the members of council and their discussions in the public record include a discussion of what they believe is best for the Town's citizens, tax-payers, and future-growth of the Town. They need to look at the cost to the town, and customers, and any other information necessary to have a record that all the factors are explained out by the discussion to have a basis to make a decision. If someone disagrees with the Town Council, they have a right to appeal, as is found in the Town Charter. In order to protect that right, there needs to be a record of the discussions. Councilman Prettyman would like to have the public speak after all of the Council speaks. Mayor Post stated that the first part of the public hearing the Council members may speak about the presentations and what they believe is best: between vendor A & B, or keeping it the way it is with the Town operating it themselves. Marion Jones asked if there was a synopsis of what was presented from the two companies offering privatization. Mayor Post no, however the companies can give a brief summary. The Town of Milton cannot be bonded. We need to look into the tax increase of keeping the sewer public versus privatization, where there will not be a tax increase. We are estimating 400-600 households in the Town of Milton by keeping it public. We need to consider the increase in utilities public versus private. With public there would possibly be a rate increase, and if we are to go to private it would be part of the negotiations. The sewer has been a negative cash flow for the town. I want everyone to know that if we choose a vendor tonight it is still only contract negotiation. Councilwoman Melson stated "if we decide to stay with our current service we need to consider that taking on the \$20 million dollars, that if we have to upgrade in the future it will cost additional money." Councilman Prettyman stated "after listening to both Tidewater and Artesian I think it is necessary for both of them to present to the Town the information we received from them." Councilwoman Betts stated "I am concerned about us building a new sewer plant, although development is on the way, I don't believe it will be fast enough and the current residents will be paying the burden. Choosing one of the utilities would be best." Councilman Harris stated "some of the questions I asked were: Land based disposal vs. Broadkill River, Town employees will the company absorb them, Maintenance of the infrastructure, Fee caps, Fee structure, Irrigation for parks & Municipal areas, Impact on the Town, what is going to be done with the existing plant, who incurs the cost, Future Growth." Marion Jones asked "can we have a brief synopsis of the presentations?" Mayor Post stated the presentations are part

of the negotiations. They can give a brief summary of the key issues. Marion Jones stated "I feel privatization is a good decision; however I would like you to choose a company who will stay away from using the Broadkill River." Mayor Post stated "the sewer water in the end is purified. Both companies are old and experienced, and one vendor had a strong plan for addressing the current situation with DENREC and the \$10, 000/day fine." Councilman Harris stated "once the sewer is turned over, the town would not have responsibility, and would not be fined." Marion Jones stated "if the law changes in the future and we are not allowed to dump in the river, then the citizens will have to pay for the chosen company to upgrade." Councilman Harris stated "if the contract is negotiated correctly responsibility is completely with that company." Councilman Prettyman stated "if the Town would like to take back the plant, and the current company hasn't stopped using the Broadkill, then it would be an expense on the taxpayer."

Artesian Water went over their key points. Joanne Martin-Brown asked will the processes water become a secondary market. Artesian stated "no, the primary use will be for irrigation." Joanne Martin-Brown asked "will there be a water storage facility available for the town in the event of a drought?" Artesian stated "yes, it would be enough for 60-90 days." Mr. Welu asked "how long would it take to get the Town out of the Broadkill River?" Artesian stated "we have already acquired land; however it would take about a year. Georgetown and Ellendale are the towns you are including in the regional development." Ginny Weeks asked, "the plant you are building; is it for Milton or the Region?" Artesian stated, "We aren't building the plant for only one project. If Milton decides to not use us we would still build the plant." Councilman Frey asked, "Would your company be willing to build a plant just for Milton?" Artesian stated, "No, as we are trying to keep costs down, we will build for the region." Mayor Post asked, "Would your company work with the Town in annexing property or would you work only with the individual?" Artesian stated, "the system will have private developments on them, as it is going to be a regional set up. As far as someone developing in the county or the town we will not be involved with that." Mr. Brady asked, "there is one full-time employee assigned to the WWTP, if your company took over, would your company be willing to hire that employee." Artesian stated, "Yes." Councilman Harris stated, "the plant will be in the North side of Milton? The pipeline would traverse the town? You also spoke to Dogfish Head?" Artesian stated, "yes to the above questions. There would also be a second pipe to help alleviate any flow problems in the town." D.J. Hughes asked, "Would you take on the expense of the pipe? The town has 20 acres for WWTP, would you be using that land." Artesian stated, "Yes. No, we would not be using the land." Ms. Stulik: Do you plan on tying in all of the communities outside of Town? Artesian: We only provide utilities to where the Town and County decide growth should be. Ms. Stulik: Will growth cost the town? Artesian: There shouldn't be a cost to the town. Jamie Brown: The current Sewage Treatment Plant pumps the sludge into the Broadkill. What happens to the sludge when doing spray irrigation? Artesian: There is mechanical and lagoon treatment. We haven't decided what the right approach is. We would probably use the plant for about 24 months, and then return the property back to the Town; however we would continue to use the lift station. Norma Krauss: What are the health issues of a large plant? Artesian: The sludge that is generated is often used as a farm nutrient. There are no

health affects of the sludge. We would work with either local farmers or farmers in other states. There really aren't any odors.

Tidewater went over their key points. "We have spoken to Dogfish and there are provisions for the town employees. We would utilize the 20 acres." Roy Tursey: Has the cost been given to the council? Tidewater: A range has been given, however the exact figures will be given once a contract is drawn up. A benefit of having the developer and the utility financing is that the rates can be fixed for a while. If we build the plant in the town, and choose a disposal method outside of town, then the disposal method would be on another site and serving other developers. The town has a compliance issue and I can't guarantee that the rates won't change. Alex D: Isn't more capital being placed into building small? Tidewater: Only because of timing, logistics, and geography. We would also like to build one plant, and we build in stages. Paul: What will stop the utilities from increasing the rates? Tidewater: Our financing model commits to a schedule which commits to a schedule for a period of time. Marion Jones: Did you state it would take the Town 18 months to get into compliance or 18 months to get over the river? Tidewater: We are going to make a plan with the town to have a permanent solution that even if we aren't in compliance, that no penalty charges are added. Jim Welu: You are talking about a potential regional system to the northeast, and south of the town. Wouldn't there be advantage to building a regional system, instead of using the 20 acres. Tidewater: Our understanding of what is driving the council is cost/timing and other issues. Our cost estimates are more effective to the current location, then to go to an untargeted location which hasn't been sized. Jim Welu: Does the town have the title to the land? Mayor Post: We are purchasing the land, the contract hasn't settled yet. Stephanie Parker: Will Tidewater own the structure and the Town owns the property? Or is the Town looking to buying the property then selling it? Mayor Post: That is in the contract negotiation. Joanne Martin-Brown: Would the town have to absorb the cost if the new plant becomes non-profitable or abandoned? Tidewater: That won't happen if it is within the contract. D.J. Hughes: What will happen to the old sewer plant? Tidewater: That is up to the town, or if they want us to take care of it we can. Paul Yaducci: Will it be decided tonight on which company you choose? John Brady: The issues council will need to amend the agenda are: Do they rescind the resolution that rescinded the referendum. Do they wish to explore privatizing the WWTP? If they decide to privatize the WWTP, do they wish to select a vendor from the presentations tonight, to enter into negotiations for a contract to be ratified at a subsequent meeting? Ms. Stulik: Concerned with the disposing of the waste. Tidewater: We are looking at many options for recycling the waste. Allison: What are the safety concerns for the rapid infiltration system? Tidewater: There is a high level of treatment. Milton Carroll: Have you conducted any research to determine the effectiveness of privatization and what has been the experience of other communities? I am concerned about transferring the rates/power to an outside agency. John Brady: The Delaware Public Service Commission is 5 citizens appointed by the Governor, for a 4 year term, confirmed by the state Senate. Deregulation was done specifically in 1999 for energy; I don't see that happening for water. Both companies indicated they would do a 2-tier rate. Bob Blaney: Does the proposal from Tidewater in getting out of non-compliance, show an increase in flow from the existing plant? Tidewater: Yes, flow will increase. Ginny Weeks: Will the additional flow allow for

additional development or will it be used for Dogfish Head? Dan String: The new proposed plan will be an 800,000/day facility; it will cover Dogfish Head and other developments in the area. This is the first phase, and then we will expand to accommodate the new developments coming in. Stephanie Parker: Is the 18 month time line is to cover the compliance issue and current developments, not any new growth? Dan String: It accommodates everything that has been allocated, with a little extra. Bill Briarly: How are Dogfish's needs going to be handled? Tidewater: They will be paying the difference in user rates. John Collier: Will there have to be an investment to keep the current plant within compliance? Tidewater: There is a significant investment in getting the town into compliance. That is the Town's proposal. Artesian: We are proposing to get the Town in compliance within 12 months. The Town also will not have to invest any money. Jim Welu: I applaud Mayor Post and the Council in providing an opportunity for the Town to speak with the two vendors. Would USDA funding help for this system? Do current users pay one fee and new users pay a different fee? Council: Yes. Jim Welu: How is the rate going to be assigned? I understand Artesian's proposal is to have within 1 year lines going to Rt 16 & Rt 30, to be processed. So we would be in compliance. Our present WWTP can handle double the capacity; just not dump it into the river. I understand Tidewater's proposal that we would not be in violation, by a plan that would take 18-24 months, however we wouldn't have the capacity until the new plant was built.

Closed Public Hearing (9:13 p.m.)

Roll called.

Present: Councilman Frey
Councilman Harris
Councilman Dvornick
Councilman Prettyman
Councilwoman Melson
Councilwoman Betts
Mayor Post

Councilman Frey made a motion to amend the agenda, and allow the Council to vote on whether we should privatize, and choosing the vendor. Councilwoman Betts seconds it. All in favor," Aye". Motion Carried.

Councilman Dvornick made a motion to go to privatization of the Wastewater utility. Councilman Frey seconds it. All in favor," Aye". Motion Carried.

Councilwoman Melson made a motion to enter into negotiations with Tidewater. Councilman Frey seconds it. Mayor Post: Any Discussion. Councilman Dvornick: Are we limiting ourselves from competition? Mayor Post: "No, as I believe this type of proposal has many variables which require a different approach. As we have been pursuing this for 3-4 years, there have been extensive presentations for both vendors. Both have stated that there will not be firm utility rates, until it goes into the public commission. I feel we should move forward, if we are considering privatization."

Councilman Prettyman: “We should have more of a financial statement regarding cost. Both vendors should have made a full presentation to public.” Councilman Dvornick: “Mr. Brady, Does this motion commit us to this company or does this allow us to continue with negotiations with this company?” John Brady: “The motion as drafted will have the Council enter into contractual negotiations with one vendor in the contract Tidewater. If those negotiations did not achieve a contract it would be subject to your gratification vote.”

Roll call vote:

Councilwoman Betts “I abstain as I may have a conflict of interest with one of the utilities.”

Councilman Frey “Yes”

Councilman Harris “Yes”

Councilman Dvornick “No, as I would like additional information.”

Councilman Prettyman “No, as we need additional information.”

Councilwoman Melson “Yes”

Mayor Post “Yes, Motion Carried. We are entering into negotiation with a contract.”

2. ADJOURNMENT

Councilwoman Melson made a motion to adjourn. Councilman Dvornick seconds it. All in favor, “Aye”- Motion carried.

Respectfully Submitted,

Julie Powers
Executive Secretary